

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6803

BILL NUMBER: SB 226

NOTE PREPARED: Feb 23, 2008

BILL AMENDED: Feb 21, 2008

SUBJECT: Disposal of Municipal Utility Property.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR: Rep. Welch

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill provides that a municipality that seeks to sell or dispose of nonsurplus municipally owned utility property must adopt an ordinance appointing three Indiana residents to serve as appraisers, as follows: (1) One disinterested person who is a licensed engineer. (2) One disinterested persons who is a licensed appraiser. (3) One disinterested person who is either a licensed engineer or a licensed appraiser. (Current law provides for the appointment of one disinterested freeholder who is a resident of the municipality and two disinterested licensed appraisers). The bill also eliminates the requirement that one of the licensed appraisers must reside not more than 50 miles from the property.

The bill also provides that if the municipality decides to proceed with the sale or disposition after the return of the appraisal, the municipality shall adopt an ordinance for the sale or disposition. It provides that not later than 45 days after the return of the appraisal, the municipality shall publish notice of a hearing on the ordinance for the sale or disposition. (Current law provides for the adoption of the ordinance after the hearing on the sale or disposition.) The bill allows a municipality to proceed to sell or dispose of the property if a petition opposing the sale or disposition is not filed within 30 days after the notice of hearing. (Current law provides that a municipality shall proceed to sell or dispose of the property if a petition is not filed within the 30-day period.)

Effective Date: Upon Passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Summary-* The bill requires that a municipality seeking to sell or dispose of nonsurplus municipally owned utility property appoint three Indiana residents to serve as appraisers. One of the appointees must be a licensed engineer, one must be a licensed appraiser, and one must be a disinterested person that is either a licensed engineer *or* a licensed appraiser. Current law provides for the appointment of one disinterested freeholder who is a resident of the municipality and two disinterested licensed appraisers. The increase in expenditures would depend on the wages of the licensed engineer, the price of which may vary by locality.

Background- In regard to the construction or acquisition of utility property, Indiana Code 8-1.5-2-8 provides that before a municipality proposes to construct or acquire a utility, the municipality may appropriate out of its general fund an amount not exceeding 5% of the total estimated cost of constructing or acquiring the utility, as necessary to pay the expenses of a preliminary investigation, surveys, plans, specifications, and appraisals, including engineering and legal expenses. According to the Bureau of Labor Statistics, in 2006 the average hourly wage of licensed engineers and licensed appraisers were \$28.53 and \$20.74, respectively.

Explanation of Local Revenues: The proceeds of any sale under the provisions of this bill are to be paid into the treasury of the municipality making the sale and become part of the municipality's general fund. The fiscal impact is indeterminable and would depend upon the volume of property sold and the selling price of each property, all of which would vary by locality.

State Agencies Affected:

Local Agencies Affected: Municipalities.

Information Sources: Bureau of Labor Statistics, 2006.

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